

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4466-04  
Bill No.: SCS for SB 781  
Subject: Motor Vehicles; Revenue Department; Licenses - Motor Vehicle; Licenses - Professional  
Type: Original  
Date: February 26, 2010

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Bill Summary: This proposal modifies various provisions relating to the regulation of motor vehicles.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
General Revenue	(\$32,589)	(\$40,279)	(\$41,488)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$32,589)</b>	<b>(\$40,279)</b>	<b>(\$41,488)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
Motor Vehicle Commission Fund	\$1,950 to Less than \$100,000	\$1,950 to Less than \$100,000	\$1,950 to Less than \$100,000
Highway Fund	\$256,378	\$307,654	\$307,654
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$258,328 to Less than \$358,328</b>	<b>\$309,604 to Less than \$409,604</b>	<b>\$309,604 to Less than \$409,604</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 11 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2011	FY 2012	FY 2013
<b>Local Government</b>	<b>\$85,460</b>	<b>\$102,551</b>	<b>\$102,551</b>

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## **FISCAL ANALYSIS**

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### **ASSUMPTION**

Officials from **Department of Insurance, Financial Institutions and Professional Registration, Department of Transportation, Department of Public Safety - Office of the Director and Missouri State Highway Patrol, and Department of Natural Resources** indicated there would be no fiscal impact on their respective agencies.

Officials from the **Office of State Courts Administrator** state this proposal will have no fiscal impact on the Courts.

Officials from the **Office of Prosecution Services (OPS)** assume this proposed legislation will have no measurable impact on OPS or county prosecutors.

Officials from the **Office of Administration - Administrative Hearing Commission** anticipate that this proposed legislation will not significantly alter its caseload. However, if other similar bills are passed or if there are more cases, or more complex cases, there could be a fiscal impact.

According to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the proposal. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500.

**Oversight** assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

For the purpose of this proposed legislation, officials at the **Office of State Public Defender (SPD)** cannot assume that existing staff will provide competent, effective representation for any new cases arising where indigent persons are charged with the proposed new crimes relating to the licensing of vehicles in the State of Missouri.

Passage of bills increasing penalties on existing crimes, or creating new crimes, requires the State Public Defender System to further extend resources. While the number of new cases (or cases with increased penalties) may be too few or uncertain to request additional funding for this specific bill, the SPD will continue to request sufficient appropriations to provide competent and

ASSUMPTION (continued)

effective representation is all its cases.

**Oversight** assumes the SPD can absorb the additional caseload that may result from this proposal.

Officials from the **Department of Corrections (DOC)** stated that they could not predict the number of new commitments which could result from the creation of the offense(s) outlined in the proposal. An increase in commitments would depend on the utilization of prosecutors and the actual sentences imposed by the courts. If additional persons were sentenced to the custody of the DOC due to the provisions of this legislation, the DOC would incur a corresponding increase in operational costs either through incarceration (FY 2009 average \$16.04 per inmate, per day or an annual cost of \$5,855 per inmate) or through supervision provided by the Board of Probation and Parole (FY 2009 average \$3.71 per offender, per day or an annual cost of \$1,354 per offender). Supervision by the DOC through probation or incarceration would result in some additional costs, but DOC officials assume that the impact would be \$0 or a minimal amount that could be absorbed within existing resources.

The following factors contribute to DOC's minimal assumption:

- DOC assumes the narrow scope of the crime will not encompass a large number of offenders.
- The low felony status of the crime enhances the possibility of plea-bargaining or imposition of a probation sentence.
- The probability exists that offenders would be charged with a similar but more serious offense or that sentences may run concurrent to one another.

In summary, supervision by the DOC through probation or incarceration would result in some additional costs, but it is assumed the impact would be \$0 or a minimal amount that could be absorbed within existing resources.

§301.130 - Two license plates for property-carrying commercial vehicles

Officials from the **Department of Revenue (DOR)** assume procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours of overtime at a cost of \$805 in FY 11. The DOR website will need to be updated to include the new plate type. This will require 10 hours of overtime for an Administrative Analyst III, at a cost of \$218 in FY 11. DOR estimated total cost for FTE in FY 11 to be \$1,023

ASSUMPTION (continued)

**Oversight** assumes DOR could absorb the minimal costs related to this section of the proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

DOR assumes the second plate will be ordered at the time of application if requested by the customer. The applicant will then be given one plate to use until the other plate is manufactured. The second plate will have a number 2 embossed on the plate to prohibit misuse of the plate.

There are currently 273,469 registered commercial motor vehicles in excess of 12,000 lbs. DOR assumes that 10%, or 27,347, of these registrants will want the second plate. The cost to the DOR for the second plate is \$1.43 with an overall cost to General Revenue of \$32,589 in FY 11, \$40,279 in FY 12, and \$41,488 in FY 13.

**OA-ITSD (DOR)** would need to update TRIPS to allow for the issuance of a second plate to commercial motor vehicles in excess of 12,000 lbs as well as charge the \$15 for that second plate. This will have minimal impact and will be absorbed by existing staff.

DOR assumes that 10%, or 27,347, of the 273,969 registrants will want the second plate issued in FY 11 resulting in an increase in revenue of \$341,838 in FY 11 (10 months) and \$410,205 in FY 12 and 13 that would be constitutionally distributed as follows:

	<u>FY 11</u>	<u>FY 12 &amp; 13</u>
75% - Highway Fund	\$256, 378	\$307,654
15% - Cities	\$ 51,276	\$ 61,531
10% - Counties	\$ 34,184	\$ 41,020

§301.169 - Drive Away Plates

This section provides that DOR is not to issue drive away plates unless the applicant makes application for the plate that requires specific information. DOR will have to capture and record additional information from Drive Away Plate applicants. Programming will be completed with existing staff. This may be accomplished by adding additional required information in the note field of IMVDL until a replacement system is developed.

§301.218 - Scrap processors

DOR assumes this section of the proposal will increase these types of licenses by 30 applicants

ASSUMPTION (continued)

annually. A salvage business licenses costs \$65, resulting in an increase to the Motor Vehicle Commission Fund of \$1,950 in FY 11.

§301.580 - Special event motor vehicle auctions

DOR assumes procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours of overtime at a cost of \$805 in FY 11. In addition, DOR will need to develop an application for the special event motor vehicle auction license and a form to report all vehicles included in the auction. These forms will be in electronic format. This will require 40 hours of overtime for a Management Analyst Specialist I, at a cost of \$805 in FY 11.

The DOR web site will need to be updated to include the new information relating to this proposal which will require 10 hours of overtime for an Administrative Analyst III, at a cost of \$218 in FY 11.

Currently, a Revenue Processing Tech I can process 6 dealer applications per hour and 50 dealer reports that the Department receives in paper form per hour. It is unknown how many of these special motor vehicle auction licenses will be applied for per year, therefore DOR may need to request through the appropriations process additional FTE or overtime to process the applications for a special motor vehicle auction license as well as process and key the reports submitted for all vehicles taken to the auction.

**Oversight** assumes the administrative costs associated with a limited number of licenses issued would be minimal and would not create a significant impact on the DOR resources and budget. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriations process.

**OA-ITSD (DOR)** will need to configure the legacy dealer system to account for these special auction permits and incorporate those requirements into the new dealer system.

DOR would have to issue and track the special auction license and the customer information as well as process payments and issue receipts; therefore, the Title and Registration Information Processing System (TRIPS) system will need to be revised.

The legacy dealer system as well as the new dealer system would need to be configured to allow for the recording of the report to be submitted for every vehicle sold or not sold at the auction at the special event motor vehicle auction.

ASSUMPTION (continued)

Programming will be completed with existing staff.

DOR assumes there will be an unknown increase to the Motor Vehicle Commission Fund due to the \$1,000 special event motor vehicle auction license fee. DOR assumes there could also be an unknown increase to the Motor Vehicle Commission Fund from the \$500 administrative fee for every vehicle auctioned in violation of §301.580.6 of the proposal.

**Oversight** assumes the income resulting from license fees is minimal and income from violations is speculative. For fiscal note purposes only, **Oversight** will show income to be less than \$100,000 for the Motor Vehicle Commission Fund for this section.

<u>FISCAL IMPACT - State Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
<b>GENERAL REVENUE</b>			
<u>Cost</u> - Department of Revenue - Plate cost (§301.130)	<u>(\$32,589)</u>	<u>(\$40,279)</u>	<u>(\$41,488)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE</b>	<b><u>(\$32,589)</u></b>	<b><u>(\$40,279)</u></b>	<b><u>(\$41,488)</u></b>
<b>HIGHWAY FUND</b>			
<u>Income</u> - Increase in fees (§301.130)	<u>\$256,378</u>	<u>\$307,654</u>	<u>\$307,654</u>
<b>ESTIMATED NET EFFECT ON HIGHWAY FUND</b>	<b><u>\$256,378</u></b>	<b><u>\$307,654</u></b>	<b><u>\$307,654</u></b>
<b>MOTOR VEHICLE COMMISSION FUND</b>			
<u>Income</u> - Department of Revenue - Fees (§301.218 & §301.580)	<u>\$1,950 to Less than \$100,000</u>	<u>\$1,950 to Less than \$100,000</u>	<u>\$1,950 to Less than \$100,000</u>
<b>ESTIMATED NET EFFECT ON MOTOR VEHICLE COMMISSION FUND</b>	<b><u>\$1,950 to Less than \$100,000</u></b>	<b><u>\$1,950 to Less than \$100,000</u></b>	<b><u>\$1,950 to Less than \$100,000</u></b>



<u>FISCAL IMPACT - Local Government</u>	FY 2011 (10 Mo.)	FY 2012	FY 2013
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Income</u> - Cities - Increase in fees (§301.130)	\$51,276	\$61,531	\$61,531
<u>Income</u> - Counties - Increase in fees (§301.130)	<u>\$34,184</u>	<u>\$41,020</u>	<u>\$41,020</u>
<b>ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS</b>	<b><u>\$84,460</u></b>	<b><u>\$102,551</u></b>	<b><u>\$102,551</u></b>

FISCAL IMPACT - Small Business

Small businesses with property-carrying vehicles would incur a cost if they elect to get the second license plate for their vehicles. A small business conducting a special event motor vehicle auction or operating as a scrap processor would incur the expense of obtaining the license required by this proposal.

FISCAL DESCRIPTION

§301.130 - Two license plates for property-carrying commercial vehicles

An applicant may receive two license plates for any property-carrying commercial vehicle, rather than the standard issuance of one plate, by paying an additional \$15 fee.

§301.218 - Scrap processors

This section of the proposal changes the definition of “mobile scrap processor” to scrap processor” for licensing purposes.

§301.580 - Special event motor vehicle auctions

This proposed legislation allows the Department of Revenue (DOR) to issue a special event motor vehicle auction license to an applicant for the purpose of auctioning motor vehicles if 90% or more of the vehicles are at least 10 years old or older. Auctions can be held for no more than three consecutive days, but no more than two times in a calendar year by the same licensee. A report must be sent to the Director of the Department of Revenue within 10 days of the

FISCAL DESCRIPTION (continued)

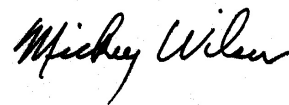
conclusion of the auction on a department-approved form specifying the make, model, year, and vehicle identification number of every vehicle included in the auction. Anyone violating this provision will be guilty of a class A misdemeanor and will be charged a \$500 administrative fee per vehicle in violation of this provision payable to DOR. Applications to hold a special event motor vehicle auction must be received by DOR at least 90 days prior to the event. Applicants must be registered to conduct business in this state, pay a licensing fee of \$1,000, and be bonded or have an irrevocable letter of credit in the amount of \$100,000. Applicants will be responsible for ensuring that a sales tax license or special event sales tax license is obtained if required.

Sections 301.010, 301.032, 301.069, 301.196, 301.200, 301.218, 301.280, 301.560, 301.562, 301.567, and 301.570 shall become effective January 1, 2011.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue  
Office of Administration  
    Administrative Hearing Commission  
Office of State Courts Administrator  
Department of Insurance, Financial Institutions and Professional Registration  
Department of Natural Resources  
Department of Corrections  
Department of Transportation  
Department of Public Safety  
    Office of the Director  
    Missouri State Highway Patrol  
Office of Prosecution Services  
Office of State Public Defender  
Office of Secretary of State  
    Administrative Rules Division



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